

ADVANCED MICRO DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Millions except per share amounts and percentages)

	Three Months Ended			Nine Months Ended	
	September 26, 2015	June 27, 2015	September 27, 2014	September 26, 2015	September 27, 2014
Net revenue	\$ 1,061	\$ 942	\$ 1,429	\$ 3,033	\$ 4,267
Cost of sales	822	710	935	2,236	2,788
Gross margin	239	232	494	797	1,479
Gross margin %	23%	25%	35%	26%	35%
Research and development	241	235	278	718	834
Marketing, general and administrative	108	134	150	373	460
Amortization of acquired intangible assets	-	-	3	3	10
Restructuring and other special charges, net	48	-	-	135	-
Operating income (loss)	(158)	(137)	63	(432)	175
Interest expense	(39)	(40)	(43)	(119)	(136)
Other expense, net	-	(3)	(1)	(3)	(70)
Income (loss) before income taxes	(197)	(180)	19	(554)	(31)
Provision for income taxes	-	1	2	4	8
Net income (loss)	\$ (197)	\$ (181)	\$ 17	\$ (558)	\$ (39)
Net income (loss) per share					
Basic	\$ (0.25)	\$ (0.23)	\$ 0.02	\$ (0.72)	\$ (0.05)
Diluted	\$ (0.25)	\$ (0.23)	\$ 0.02	\$ (0.72)	\$ (0.05)
Shares used in per share calculation					
Basic	785	778	770	780	765
Diluted	785	778	785	780	765

ADVANCED MICRO DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Millions)

	Three Months Ended			Nine Months Ended	
	September 26, 2015	June 27, 2015	September 27, 2014	September 26, 2015	September 27, 2014
Total comprehensive income (loss)	\$ (207)	\$ (174)	\$ 15	\$ (568)	\$ (38)

ADVANCED MICRO DEVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Millions)

	September 26, 2015	June 27, 2015	December 27, 2014
Assets			
Current assets:			
Cash and cash equivalents	\$ 755	\$ 829	\$ 805
Marketable securities	-	-	235
Accounts receivable, net	648	687	818
Inventories, net	761	799	685
Prepayments to GLOBALFOUNDRIES	20	19	113
Prepaid expenses	63	54	32
Other current assets	182	63	48
Total current assets	2,429	2,451	2,736
Property, plant and equipment, net	194	289	302
Acquisition related intangible assets, net	-	-	65
Goodwill	320	320	320
Other assets	286	321	344
Total Assets	\$ 3,229	\$ 3,381	\$ 3,767
Liabilities and Stockholders' Equity (Deficit)			
Current liabilities:			
Short-term debt	\$ 230	\$ 235	\$ 177
Accounts payable	388	454	415
Payable to GLOBALFOUNDRIES	226	197	218
Accrued liabilities	408	432	518
Other current liabilities	137	30	40
Deferred income on shipments to distributors	60	51	72
Total current liabilities	1,449	1,399	1,440
Long-term debt	2,030	2,034	2,035
Other long-term liabilities	86	89	105
Stockholders' equity (deficit):			
Capital stock:			
Common stock, par value	8	8	8
Additional paid-in capital	6,997	6,984	6,949
Treasury stock, at cost	(122)	(121)	(119)
Accumulated deficit	(7,204)	(7,007)	(6,646)
Accumulated other comprehensive loss	(15)	(5)	(5)
Total Stockholders' equity (deficit)	(336)	(141)	187
Total Liabilities and Stockholders' Equity (Deficit)	\$ 3,229	\$ 3,381	\$ 3,767

ADVANCED MICRO DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Millions)

	Three Months Ended	Nine Months Ended
	September 26, 2015	September 26, 2015
Cash flows from operating activities:		
Net Loss	\$ (197)	\$ (558)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	42	133
Stock-based compensation expense	13	47
Non-cash interest expense	2	8
Restructuring and other special charges, net	11	83
Other	6	7
Changes in operating assets and liabilities:		
Accounts receivable	35	164
Inventories	24	(93)
Prepayments to GLOBALFOUNDRIES	3	97
Prepaid expenses and other assets	(40)	(113)
Accounts payable, accrued liabilities and other	12	(74)
Payable to GLOBALFOUNDRIES	30	9
Net cash used in operating activities	\$ (59)	\$ (290)
Cash flows from investing activities:		
Purchases of available-for-sale securities	-	(227)
Purchases of property, plant and equipment	(25)	(64)
Proceeds from maturities of available-for-sale securities	-	462
Proceeds from sale of property, plant and equipment	8	8
Net cash provided by (used in) investing activities	\$ (17)	\$ 179
Cash flows from financing activities:		
Net proceeds from grants	4	8
Proceeds from issuance of common stock	-	1
Proceeds from borrowings, net	-	100
Repayments of long-term debt and capital lease obligations	-	(44)
Other	(2)	(4)
Net cash provided by financing activities	\$ 2	\$ 61
Net decrease in cash and cash equivalents	(74)	(50)
Cash and cash equivalents at beginning of period	\$ 829	\$ 805
Cash and cash equivalents at end of period	\$ 755	\$ 755

ADVANCED MICRO DEVICES, INC.
SELECTED CORPORATE DATA
(Millions except headcount)

Segment and Category Information	Three Months Ended			Nine Months Ended	
	September 26, 2015	June 27, 2015	September 27, 2014	September 26, 2015	September 27, 2014
Computing and Graphics ⁽¹⁾					
Net revenue	\$ 424	\$ 379	\$ 781	\$ 1,335	\$ 2,470
Operating loss	\$ (181)	\$ (147)	\$ (17)	\$ (403)	\$ (20)
Enterprise, Embedded and Semi-Custom ⁽²⁾					
Net revenue	\$ 637	\$ 563	\$ 648	\$ 1,698	\$ 1,797
Operating income	\$ 84	\$ 27	\$ 108	\$ 156	\$ 290
All Other ⁽³⁾					
Net revenue	-	-	-	-	-
Operating loss	\$ (61)	\$ (17)	\$ (28)	\$ (185)	\$ (95)
Total					
Net revenue	\$ 1,061	\$ 942	\$ 1,429	\$ 3,033	\$ 4,267
Operating income (loss)	\$ (158)	\$ (137)	\$ 63	\$ (432)	\$ 175
Other Data					
Depreciation and amortization, excluding amortization of acquired intangible assets	\$ 42	\$ 45	\$ 46	\$ 130	\$ 145
Capital additions	\$ 25	\$ 17	\$ 29	\$ 64	\$ 73
Adjusted EBITDA ⁽⁴⁾	\$ (55)	\$ (42)	\$ 133	\$ (84)	\$ 409
Cash, cash equivalents and marketable securities	\$ 755	\$ 829	\$ 938	\$ 755	\$ 938
Non-GAAP free cash flow ⁽⁵⁾	\$ (84)	\$ (75)	\$ (11)	\$ (354)	\$ (287)
Total assets	\$ 3,229	\$ 3,381	\$ 4,325	\$ 3,229	\$ 4,325
Total debt	\$ 2,260	\$ 2,269	\$ 2,208	\$ 2,260	\$ 2,208
Headcount	9,475	9,469	10,149	9,475	10,149

See footnotes on the next page

- (1) Computing and Graphics segment primarily includes desktop and notebook processors, chipsets, discrete graphics processing units (GPUs) and professional graphics.
- (2) Enterprise, Embedded and Semi-Custom segment primarily includes server and embedded processors, semi-custom System-on-Chip (SoC) products, development services and technology for game consoles.
- (3) All Other category primarily includes certain expenses and credits that are not allocated to any of the operating segments. Also included in this category are amortization of acquired intangible assets and stock-based compensation expense. In addition, the Company also included the following adjustments for the indicated periods: for the third quarter of 2015 and nine months ended September 26, 2015, the Company included net restructuring and other special charges; and for the nine months ended September 27, 2014, the Company included an adjustment for workforce rebalancing severance charges.

(4) **Reconciliation of GAAP Operating Income (Loss) to Adjusted EBITDA***

	Three Months Ended			Nine Months Ended	
	September 26, 2015	June 27, 2015	September 27, 2014	September 26, 2015	September 27, 2014
GAAP operating income (loss)	\$ (158)	\$ (137)	\$ 63	\$ (432)	\$ 175
Restructuring and other special charges, net	48	-	-	135	-
Technology node transition charge	-	33	-	33	-
Stock-based compensation expense	13	17	21	47	65
Amortization of acquired intangible assets	-	-	3	3	10
Depreciation and amortization	42	45	46	130	145
Workforce rebalancing severance charges	-	-	-	-	14
Adjusted EBITDA	\$ (55)	\$ (42)	\$ 133	\$ (84)	\$ 409

(5) **Non-GAAP free cash flow reconciliation****

	Three Months Ended			Nine Months Ended	
	September 26, 2015	June 27, 2015	September 27, 2014	September 26, 2015	September 27, 2014
GAAP net cash provided by (used in) operating activities	\$ (59)	\$ (58)	\$ 18	\$ (290)	\$ (214)
Purchases of property, plant and equipment	(25)	(17)	(29)	(64)	(73)
Non-GAAP free cash flow	\$ (84)	\$ (75)	\$ (11)	\$ (354)	\$ (287)

* The Company presents "Adjusted EBITDA" as a supplemental measure of its performance. Adjusted EBITDA for the Company is determined by adjusting operating income (loss) for depreciation and amortization, stock-based compensation expense and amortization of acquired intangible assets. In addition, the Company also excluded the following adjustments for the indicated periods: for the third quarter of 2015 and nine months ended September 26, 2015, the Company excluded restructuring and other special charges, net, for the second quarter of 2015 and nine months ended September 26, 2015, the Company excluded a technology node transition charge, and for the nine months ended September 27, 2014, the Company excluded an adjustment for workforce rebalancing severance charges. The Company calculates and communicates Adjusted EBITDA because the Company's management believes it is of importance to investors and lenders in relation to its overall capital structure and its ability to borrow additional funds. In addition, the Company presents Adjusted EBITDA because it believes this measure assists investors in comparing its performance across reporting periods on a consistent basis by excluding items that the Company does not believe are indicative of its core operating performance. The Company's calculation of Adjusted EBITDA may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view Adjusted EBITDA as an alternative to the GAAP operating measure of operating income (loss) or GAAP liquidity measures of cash flows from operating, investing and financing activities. In addition, Adjusted EBITDA does not take into account changes in certain assets and liabilities as well as interest and income taxes that can affect cash flows.

** The Company also presents non-GAAP free cash flow as a supplemental measure of its performance. Non-GAAP free cash flow is determined by adjusting GAAP net cash provided by (used in) operating activities for capital expenditures. The Company calculates and communicates non-GAAP free cash flow in the financial earnings press release because the Company's management believes it is of importance to investors to understand the nature of these cash flows. The Company's calculation of non-GAAP free cash flow may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view non-GAAP free cash flow as an alternative to GAAP liquidity measures of cash flows from operating activities. The Company has provided reconciliations within the earnings press release of these non-GAAP financial measures to the most directly comparable GAAP financial measures.